

Honolulu, Hawaii

April 25, 2008

RE: S.B. No. 2824  
S.D. 2  
H.D. 1  
C.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2824, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- (1) Require the Procurement Policy Board to annually perform random compliance audits on at least two governmental departments, divisions, or agencies for compliance with the Hawaii Public Procurement Code (Code) and also perform audits based on patterns of noncompliance or indications of circumventing the law; and
- (2) Require the Auditor to conduct a compliance, performance, and management audit of the State Procurement Office and



the purchasing agencies of the Executive Branch to determine compliance with the Code.

Your Committee on Conference finds that only one audit of the State's procurement practices has been performed since the Public Procurement Code was codified in chapter 103D, Hawaii Revised Statutes, in 1993. That audit occurred in 1995, and your Committee on Conference believes that government purchasing practices are due for review. In addition to uncovering deficiencies and improprieties in state procurement, an audit would provide an analysis of how effectively the Code is being implemented and enforced.

Your Committee on Conference has amended this measure by:

- (1) Clarifying the purpose section regarding mandatory annual compliance audits by the State Procurement Policy Board;
- (2) Making the Comptroller and the county employee member of the State Procurement Policy Board an ex-officio nonvoting member;
- (3) Deleting the appropriation for the Auditor to contract with a private entity to conduct a compliance, performance, and management audit of the State Procurement Office and the purchasing agencies of the State;
- (4) Clarifying that the two mandatory audits by the State Procurement Policy board shall be of those agencies based upon a pattern of noncompliance or otherwise indicate an intentional circumvention of the Hawaii Public Procurement Code; and other audits as randomly selected;
- (5) Changing the effective date to January 1, 2009; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and style.


As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2824, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2824, S.D. 2, H.D. 1, C.D. 1.



Respectfully submitted on behalf  
of the managers:

ON THE PART OF THE HOUSE

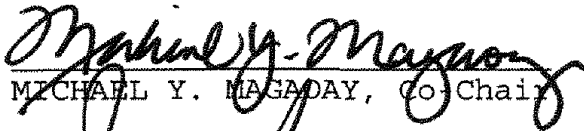
ON THE PART OF THE SENATE



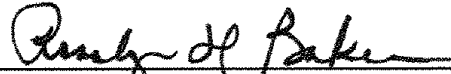
KYLE T. YAMASHITA, Co-Chair



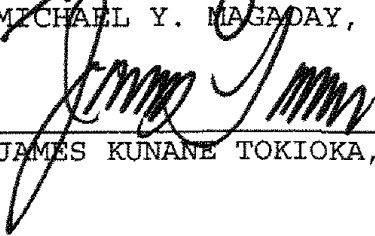
CLARENCE K. NISHIHARA, Chair



MICHAEL Y. MAGADAY, Co-Chair



ROSALYN H. BAKER, Co-Chair



JAMES KUNANE TOKIOKA, Co-Chair



